VIA Email

November 27, 2012

Ms. Susan M. Cosper
Technical Director
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Dear Ms. Cosper:


NextEra Energy, Inc. (NextEra Energy) is a public company with 2011 revenues of more than $15 billion. Its rate-regulated subsidiary, Florida Power & Light Company (FPL), serves approximately 4.6 million customer accounts in Florida. NextEra Energy’s competitive energy business, NextEra Energy Resources, LLC, is a leader in producing electricity from clean and renewable fuels that operates in 23 states and 4 provinces in Canada.

NextEra Energy appreciates the opportunity to provide its views on the discussion paper, Disclosure Framework. We fully support the Financial Accounting Standards Board’s (the Board) overall objective of developing a framework that promotes consistent decisions about disclosure requirements and the appropriate exercise of discretion by the reporting entities.

The discussion paper states The objective of financial reporting is to provide financial information that is useful for making investment and credit decisions. This core principle is consistent with how we at NextEra Energy approach our financial disclosure today. However, we have developed comments on certain ideas contained within the discussion paper, as discussed below.

The Board’s Decision Process (Chapter 2)

We have reviewed the decision questions in this chapter and believe that the questions provide a reasonable framework for establishing future disclosure requirements. We are supportive of the Board continuing to establish disclosure requirements for each project, and applying the decision questions to those requirements.
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We are also supportive of making more detailed information available to investors on our website to streamline required financial statement disclosures. An example of where this might be useful relates to debt. Financial statements and footnotes could contain summarized information, while a company's website could contain a detail listing of all outstanding debt. While certain summarized information would be useful to all financial statement users, the detailed terms of outstanding debt may only be relevant to a few.

Making Disclosure Requirements Flexible (Chapter 3)

We are supportive of companies having the flexibility to provide the disclosures that are significant and useful to their investors. However, we believe that it is very helpful for the Board to continue identifying disclosure requirements for specific FASB Accounting Codification Topics. It would be beneficial to have these disclosure requirements developed during the standard setting process and incorporated into the final accounting guidance to further promote consistency in financial reporting. Companies should be responsible for then determining which of the individual disclosures are significant, relevant and useful for investors. We believe this approach is actually quite similar to our existing framework and disclosure rules whereby companies can apply judgment in determining disclosures however it may be very useful to refresh that core principle.

The other options discussed (setting a minimum set of disclosures or establishing tiers for determining appropriate disclosures) appear overly complex in our view. Specifically, a minimum disclosure requirement could result in companies including disclosures that are not significant, useful or relevant for investors. And, the tiered approach would be extremely difficult to monitor on a quarterly basis and could lead to less consistency in disclosures.

Reporting Entities' Decisions about Disclosure Relevance (Chapter 4)

While we believe that the current disclosure requirements allow for judgment regarding materiality, the framework discussed in Chapter 4 of the discussion paper does provide for a reasonable framework for companies to assess relevance of disclosures. We believe this framework would encourage companies to consider qualitative, as well as, quantitative measures when considering relevance to users of the financial statements.

In 4.35, the discussion paper asks for examples of instances when a group of individual disclosures might not be relevant when considered individually but might become relevant when considered as a group. A couple of examples would be contingencies or related party transactions. Companies should have processes in place for identifying and monitoring contingencies and related party transactions and would be responsible for reviewing them on an individual basis as well as in the aggregate to determine relevance.

Disclosures for Interim Financial Statements (Chapter 6)

Current interim reporting requirements call for a number of updated and repeated disclosures contained in Annual Reports on Form 10-K. In our view, much of this information is typically
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not useful. For example, all of the disclosures related to VIEs, derivatives and fair value measurements are included whether or not changes since the annual filings are significant or relevant. We would suggest that the Board use this opportunity to revisit those requirements and call for updates only when changes are material. This would help alleviate some of the disclosure overload that currently exists and focus investors’ attention on significant changes.

Other

While we commend the Board for the efforts to date on the Disclosure Framework project, we also believe that these changes should be considered along with related Securities and Exchange Commission (SEC) disclosure requirements. For example, the Board’s current Liquidity project could result in redundancy as similar disclosures are already included in management’s discussion and analysis in accordance with SEC regulations. We note that the SEC has also embarked on projects to improve financial reporting and we support a number of the recommendations put forth in the Final Report of the Advisory Committee on Improvements to Financial Reporting to the United States Securities and Exchange Commission dated August 1, 2008. We encourage the Board to review these recommendations and consider those that are appropriate for the Disclosure Framework project.

Conclusion

Thank you for taking the time to consider the views of NextEra Energy on the discussion paper on Disclosure Framework. The proposed changes to financial reporting could have a significant effect on all industries and we would be happy to respond to any questions or to participate in any discussions relating to the issues highlighted in this letter.

In addition to the comments above, we have actively participated in and generally support the Edison Electric Institute’s comment letter on the ED, including its reference to the American Gas Association’s comment letter.

Sincerely,

Chris N. Froogatt
Vice President, Controller and Chief Accounting Officer